
USE OF STATE RIGHT-OF-WAY FOR FIBER OPTIC CABLE

FINDING: OTD has issued permits for installation of fiber optic cable on interstate right-of-way for a one-time fee of \$5,000 per mile. This fee will be offset by an in-kind payment in the form of permanent access for DOTD to fiber optic communications when cable is installed.

OPTION: A statewide policy should be designed to insure maximum return to the state for access to state right-of-way for installation of fiber optic cable, including appropriate access by all state agencies to available fiber optic communications. This policy should incorporate the strategic technology initiatives contained in Vision 2020.

Background and Description: In March 1999 DOTD issued a notice of intent for rules related to permitting the installation of fiber optic cable on interstate highway right-of-way. DOTD proposed a one-time fee of \$140,000 per mile. Act 1382 of 1999 limited the fee amount to the cost of administering the program which resulted in DOTD submitting a reduced fee proposal in August 1999. In advance of the September public hearing to receive input on the proposed fee, DOTD began approving interim permits at \$5,000 per mile. These interim permits provided that terms and price could be changed or become void contingent on the final rule, but put the process in place prior to legislative oversight. At a November legislative hearing on the proposed rule, the department presented an estimated cost for processing permits and granting access of \$11.25 million over a 50 year period. It further estimated that some 2,000 miles of access would be granted, for a cost per mile of \$5,625. No legislative action was taken and the rule went into effect. DOTD will not receive any cash payment, but will instead receive in-kind payment in the form of permanent fiber optic communications access when the cables are installed. There has been no legislative review of the level of cable access granted in exchange for the fee payment or the availability of such access for other state agencies.

Fiscal Impact: Cannot be determined at the time.

Action Required to Implement: Legislation may be required to implement the policy; however, development of policy could be accomplished through administrative action or legislative resolution.